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DEFINITION OF A FARM AND INTERPRETATIONS THEREOF

I PROBLEM RELATED TO GRAIN ALLOTMENTS

Nearly two decades ago the definition of a farm was vaguely worded to permit flexibility of interpretation. The widely varying interpretations which have grown out of this situation have caused criticisms, administrative burdens, program abuses, and under a Soil Bank law could lead to much greater complications. Under any definition there will be conflicting pressures, a few of the results of which follow.

A Insufficient combination of ownership tracts or the dividing of farms in order to take advantage of:

- 1 - The 15 acre minimum provision under wheat marketing quotas;
- 2 - The statutory small payment increase in ACP payments.

B Excessive combination of ownership tracts because:

- 1 - It permits greater flexibility in planning overall operations;
- 2 - It allows the use of allotments which would not otherwise be used;
- 3 - It, in effect, shifts allotments on low yielding land to higher yielding land;
- 4 - In certain years it fosters the use of allotments for low soil moisture land on land where rainfall was more adequate;
- 5 - It is a convenience to the operator to be able to transfer land records from other counties so that he can deal with fewer county ASC offices;
- 6 - There frequently is a monetary advantage to the producer in having his crop considered as produced in the county with the highest support rate;
- 7 - Farmers with land in both a commercial and non-commercial area can have land records transferred to the area which better suits their preference;

8 - The operator can "rest" land which he owns while "mining" the soil on his rented land.

C Net effect of the present vague definition is to permit interpretations which are most advantageous to the producer. Thus the tendency is to combine or not combine ownership tracts in such a manner as to be generally detrimental to the Government by permitting greater production, costing more in administrative expense or ACP small payment increases, and obtaining less soil conservation per dollar expended.

D Examples of some variations in administering and interpreting the farm definition under reasonably similar conditions are shown below.

1 - Comparison of 1950 census tenancy ratio, 1954 wheat listing sheet ratio of ownership tracts to farms, and percentage of 1955 wheat farms which were reconstituted for three similar States:

	<u>Neb.</u>	<u>Kans.</u>	<u>Colo.</u>
a. Census tenancy ratio	38.9%	29.9%	22.8%
b. 1954 wheat listing sheet ratio of tracts to farms	1.24	1.86	2.01
c. Percent of wheat farms reconstituted for 1955	4.4%	16.1%	9.6%

d. Note that the State with the highest tenancy ratio has the least combinations and reconstitutions.

2 - Similar comparisons for 3 adjoining counties in 3 separate States:

	<u>Dundy County, Neb.</u>	<u>Cheyenne County, Kans.</u>	<u>Yuma County, Colo.</u>
a. Census tenancy ratio	34.4%	21.1%	27.2%
b. 1954 wheat listing sheet ratio of tracts to farms	1.45	2.39	2.41
c. Percent of wheat farms reconstituted for 1955	15.4%	23.2%	6.9%



3 - Three other adjoining, similar counties showed 1955 wheat farms reconstituted to the extent of 7.0% in Cimarron County, Oklahoma; 10.5% in Morton County, Kansas; and 15.4% in Baca County, Colorado.

## II SOIL BANK IMPLICATIONS

The introduction of payments for underplanting allotments and rental of land devoted to ponds, trees and permanent grasses will greatly increase some of the above pressures. For example, it will be even more important for the operator to obtain combinations of tracts so as to have land considered as located in the county with the highest Acreage Reserve and Conservation Reserve payment rates; to be able to designate drought land as "Reserve Acres" while planting the better risk land elsewhere to grain; or to place his own land in the Reserve and cultivate intensively his rented land.

A Acreage Reserve - The current language in the bill provides for protecting cropland and future allotments from reduction due to placing land in the Reserve. It also provides for denial of benefits to producers who displace or reduce acreage of tenants or sharecroppers under certain conditions. Widespread reconstitutions would make these provisions more difficult to administer, and the difficulties would increase as the reconstitutions accumulated for a few years.

B Conservation Reserve - Since proposed legislation contemplates (1) that the Secretary will enter into contracts with farmers for terms of 3 to 15 year in length for annual payment purposes and (2) that Soil Bank payments will be dependent on compliance with all basic crop allotments on the farm (or with the wheat 15 acre minimum where applicable), it is administratively imperative that the reconstitution of farms during the life of the contract be held to a minimum.

## III INDICATED REMEDIAL ACTION

It appears that the best solution is to have a farm definition which would allow a

minimum amount of combining and dividing of farms. Such a definition should not vary greatly from the current definition of an ownership tract. The following is suggested as a new definition of a farm:

"Farm" means all adjoining farm or range land under the same ownership which is operated by one person, including land which is field-rented to someone other than the operator. It may also include easily accessible nearby land farmed by such operator as owner, or under at least a 3-year lease with the written consent of the owner: Provided, That (1) the additional land is of approximately equal productivity; (2) its inclusion as part of the farm would not significantly increase costs to the Government in benefits or administrative expense nor otherwise tend to defeat the purposes of applicable programs; and (3) the operator will have complete authority to determine what crops will be grown thereon, and what uses will be made of such land for the duration of any continuous contract which may have been made with the Secretary under the Soil Bank program. A farm shall be regarded as located in the county or parish in which the principal dwelling is situated, or which contains the major portion of the land, if there is no dwelling.







